

TRAVEL AND HOSPITALITY

## Private aviation partnerships provide opportunities and pitfalls

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*When one looks at the entire market, NetJets, the largest provider, has only a 10 percent share as measured by flight hours. The 25 largest U.S. operators control around 25 percent of the market. Image credit: NetJets*

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While COVID-19 has brought large swathes of the travel industry to a virtual standstill, private aviation at the highest end has recovered to around 90 percent of pre-pandemic levels.

Much of the flying is being driven by new-to-market ultra-high-net-worth consumers, the same ones who stay in expensive suites, buy fine jewelry, the latest designer fashion, and collectible timepieces.

Best of all, research by [Private Jet Card Comparisons](#) shows that 95 percent of these new users plan to continue flying privately after the pandemic, with 40 percent saying they will use private aviation on a regular basis. What is more, in the United States, one-third say they may increase private aviation use because of the current unrest.

With hotels, resorts and even destinations, there has been a rush to partner with private aviation providers. It certainly makes sense. Hotels and resorts desperately seeking high-spending travelers can tap into the databases of their jet companies' affluent customers.

Many travel companies then promote their private aviation partner to their lists and via public relations efforts. It is a good start, but it is not enough. And in many cases, they are doing their customers a disservice.

That is because private aviation is not a one-size-fits-all market. It is incredibly fragmented. There are thousands of operators and even more charter brokers. Beyond that, about half of all private flights in the U.S. are via owned aircraft.

When one looks at the entire market, NetJets, the largest provider, has only a 10 percent share as measured by flight hours. The [25 largest U.S. operators](#) control around 25 percent of the market, and that is before even getting to the endless brokers, some which register more than \$100 million in annual sales, others in seven digits.

It is often hard to tell from slick Web sites whether the company has five jets or 50 and with brokers if they have three people, 30 or 130.

Yet, when I talk to travel and luxury goods executives, they often think a single deal has the market covered. Even worse, the provider they partnered with may not even be an optimal choice for many of their customers.

In some cases, it is out of ignorance. Perhaps the thought is they are offering one-stop shopping for the busy consumer. In other cases, the partnership was viewed as more an opportunity to issue a press release. How different can all these private jet companies be?

One destination recently issued a press release that anyone who visited would receive a \$1,500 credit on their flights booked via their charter broker partner.

That offer ignores that these flights are priced one-by-one based on market rates when you call and based on when you are traveling, and also how long you will be away. In industry lingo, it is referred to as dynamic pricing. The broker sources options, and marks them up. The mark-up is purely a business decision by the broker. Brokers often leave room for negotiation. Are you really getting a \$1,500 discount? Who knows.

In this case, other providers might have been a better fit, or definitely would have offered complimentary options.

In other words, if the destination's customers do not do their homework, they may find out there were alternatives they should have considered.

When one considers flights to and from this destination range anywhere from \$40,000 to well upwards of \$100,000, customers likely assume that some amount of vetting was done to ensure the private aviation partner being promoted was the optimal choice.

Just like Marriott or Hilton have more than one airline in their loyalty programs, and Gucci and Louis Vuitton sell via multiple department stores, private aviation operators and brokers should be viewed as a distribution channel.

While there is crossover, each private aviation provider brings a largely different set of regular customers. The more partners, the more reach.

However, back to your customers. While there are many similarities between operators and brokers, there are also big differences.

For example, some companies just sell charter flights on a one-by-one basis. Others offer jet cards and membership with fixed one-way rates. What does that mean? It means you do not have to pay for ferry fees that is the cost of repositioning the aircraft back to its base after it drops you off.

In other words, a jet card with one-way rates to an international destination can offer savings of 40 percent compared to one-off charters. There are other important variables, such as booking and cancelation windows, and what is included and what is extra. Some programs include deicing. Others charge extra.

While some charters will allow you to cancel within 24 hours, others are non-refundable or might require you to cancel a week in advance.

In a COVID-19 world, you could end up losing your money if you need to make a late change. For a hotel or destination, it might make sense to partner with providers who can provide flexible change or cancelation terms as opposed to \$1,500 off a \$75,000 purchase.

In other words, is your private jet partner even the right fit for your clients?

I often hear from luxury companies they were disappointed in the results of their private aviation partnerships. That is in part because they had no idea how fragmented the market is. After exchanging logos on Web sites and a PR release, little was done in terms of training and education between the companies.

Just as a watchmaker does not ship a bunch of new edition timepieces to a retailer and hope they figure it out, to make private aviation partnerships work takes internal training and education between the partners not just between marketing teams, but at the sales level.

I have seen where it is done, and the results can be significant think millions of dollars in incremental sales.

Also, it takes understanding while big can be better, depending on your goals, small can be beautiful.

A local broker may only have a few dozen regular clients, but if the owner of that brokerage has those customers on speed dial and knows which ones like to buy expensive jewelry or regularly rents Presidential Suites, well, that is a good thing if that's what you are selling.

Of course, it starts with having the right private aviation partners and to make sure those partners' offerings are right for your customers. And, most of all, if you want to reach more than a sliver of private aviation users, it is likely you will find the more the merrier, so long as you view it as a distribution channel, and not just another opportunity to push out a press release.

*Doug Gollan is founder and editor in chief of [Private Jet Card Comparisons](#), a buyer's guide to private aviation programs, and DG Amazing Experiences, a weekly e-newsletter for private jet owners. He is also co-author of "Secrets of Selling to the Super Rich: Sales Superstars of Luxury" and "The Sky's the Limit: Marketing to the New Jet Set." Reach him at [doug.gollan@privatejetcardcomparisons.com](mailto:doug.gollan@privatejetcardcomparisons.com).*

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